

Michael R. Brown, Chairman  
Kevin S. Carter, Director

MINUTES OF THE MEETING OF THE  
SCHOOL & INSTITUTIONAL TRUST LANDS ADMINISTRATION  
BOARD OF TRUSTEES

DATE: SEPTEMBER 8, 2011

PLACE: SALT LAKE CITY, UTAH

ATTENDING: BOARD

Michael R. Brown  
Daniel Lofgren  
Steve Ostler  
Mike Mower  
Louis Cononelos

STAFF

Kevin S. Carter  
Lisa Schneider  
Dave Hebertson  
Kim Christy  
Tom Faddies  
Ed Bonner  
NormaLee McMichael  
Doug Buchi  
Wendy Petersen  
John Andrews  
Ron Carlson  
LaVonne Garrison  
Lynda Belnap  
Nannette Johnson

OTHERS IN ATTENDANCE

Margaret Bird, State Office of Education  
Tim Donaldson, State Office of Education  
Karen Rupp, State Office of Education

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Chairman Brown called the meeting to order and welcomed Board members, staff, and guests. Mr. David Ure and Mr. James Lekas are excused from today's meeting.

1. Approval of Board Minutes

The Board approved the minutes of August 18, 2011.

Cononelos/Ostler. Unanimously approved.

"I move that we approve the Board minutes of August 18, 2011."

Roll Call:

Mr. Mower - - yes

Mr. Cononelos - - yes

Mr. Lofgren - - yes

Mr. Brown - - yes

Mr. Ostler - - yes

2. Confirmation of Upcoming Meeting Dates

The Board, without motion, confirmed the following upcoming meeting dates:

October 12 - - Tour of West Utah Lake

October 13 - - Salt Lake City

November 17 - - Salt Lake City

December - - No Meeting

Director Carter distributed an agenda of the tour along with a map outlining the route. The Board had no changes or requests related to the tour agenda. Director Carter reminded the Board that a proposed schedule for 2012 will be brought to Board meeting for approval in November.

3. Chairman's Report

a. Beneficiary Report

Ms. Margaret Bird distributed copies of School Community Council (SCC) video entitled "Touch the Future." Ms. Bird expressed gratitude to those who contributed to the production of the video. The presentation illustrates the stewardship responsibilities for councils. The video is available to view or download on the School Land Trust website. Ms. Bird mentioned that the legislature seems to make annual changes to the community council program. To accommodate those changes the video refers to handouts. The handouts will provide updated information and allow the video to only be updated about every six years. Ms. Bird expressed hope that the video met the Board's expectation.

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3. Chairman's Report (cont'd)

a. Beneficiary report (cont'd)

Mr. Lofgren asked how much, on average, the SCC's have for their schools to use for the students. Ms. Bird indicated an elementary school would receive between \$30,000 to \$40,000, while a high school could be around \$100,000. Middle schools would vary based on the different number of grades at the schools, but an average would be between \$40,000 to \$60,000 for the larger schools.

Mr. Lofgren initiated a discussion about the list of steps a SCC would follow to implement use of the funds at its school. One step emphasized targeting lowest achievers when asking for approval to use the funds. Ms. Bird pointed out that the video also mentioned use of funds to create opportunities for advanced programs that target students functioning at a higher level. Mr. Lofgren recommends the final summary of steps may be reconsidered in the future. Ms. Bird appreciated the feedback as it ties to the emphasis that these funds are designed to be used for every student.

Chairman Brown thanked Ms. Bird for her introduction and presentation of the video and for the comments from Mr. Lofgren.

b. Consideration/Approval of FY 2013 Budget

Chairman Brown reminded those present that the budget was not approved at the August meeting, and the discussion will be continued to this September meeting. Director Carter presented the budget recommended for FY 2013 as modified based on discussion at the last meeting. The budget includes a one-time requests of \$300,000 to execute the Recreation Exchange and a one-time request of \$46,300 to continue funds for the County-Road program. The Board also approved an increase for an FTE in the Oil and Gas Group, funded at \$98,400. An FTE for the Mineral Group was also considered but not approved. The capital expenditure will remain status quo.

Director Carter discussed the one-time funding for the Recreation Exchange. We have had some productive meetings with the state office staff of the BLM and Interior staff in Washington. It seems there is a renewed interest in moving forward. The authorization has been signed on the exchange at the Washington level. We are to the point now where we are starting to engage in bringing on appraisers. The appraisals, surveys, and other areas are where we will spend real money. We have requested \$300,000 in this year's budget, and we will put that to use to cover expected expenses. We will not need this request in the next budget for the same purpose, although we will need money for other exchange programs such as the Piute County, the San Juan County, or Emery County bills. These three are the ones that are moving forward. There is probably not much expense in a Piute County bill. We have a very simple land exchange put together that will cover these lands. San Juan County and Emery County are totally different situations. There is a lot of our land involved in both of those bills. We are looking at packages to give up and packages to acquire. In Emery County there is still quite a bit of work to be done.

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3. Chairman's Report (cont'd)

b. Consideration/Approval of FY 2013 Budget (cont'd)

There is a significant hurdle in the process in that Senator Lee has indicated he will not support any county land bills without specific buy-off of the state legislature. The state legislature is trying to come to terms with what that means and what its buyoff will entail. It has brought most land bills to a halt as they try to work through this process. We anticipate that the legislature will work through this process and there will be an opportunity for us to better our land position, particularly in San Juan and Emery Counties. We are trying to shift ownership in San Juan County and determine what the opportunities mean for us.

Dan Lofgren asked if the exchanges were with other state-level stakeholders. Director Carter responded that the exchanges are with the BLM and that the state will benefit as a whole because, when we acquire land, we put it to work; whereas under the management of the BLM, there process is so cumbersome that it may never change. Mr. Lofgren clarified that he was inquiring if there were any natural allies. Director Carter mentioned that nobody is as directly impacted as we are on the land exchanges.

Director Carter moved to the county-roads program where we have chosen not to build in an FTE in our budget. Instead, we seek the money every year and will continue to work the program until we are done. We will then stop seeking the one-time money and that will be the end of the program. We are two-thirds of the way through the B roads in all the counties in the state. We may wrap up the B roads this year. We will then start the process for the D roads. There are more D roads, so this is going to be a repeating request. The legislature has been comfortable funding a year at a time; and we have been, too. So that is what we are going to continue to recommend to the Board.

We brought a request last month to increase our base budget for an FTE in the Oil and Gas Group. After discussion at the last Board meeting, we concluded that the request to create the position toward the bottom of the pay range was not a wise thing to do. Therefore, we bumped that money up a little bit so we can make an offer it at the middle of the pay range, if necessary.

There was also a discussion of possibly adding an FTE in the Minerals Group. Director Carter indicated, if the Board wants to add the FTE, it would be for the same amount of money. As we have looked into the future, we think we can probably deal with succession issues within the existing budget and not ask for additional money. We are not advocating the FTE increase in our budget at this time. If the Board wants to move forward with the FTE, we will defend it and support it before the Governor's office and the legislature.

Mr. Cononelos asked to return to the topic of the FTE for the Mineral Group. In the last meeting, the basic discussion followed a meeting of the five-year plan for Minerals. There were two concerns. One was to expand the Minerals' portfolio. The second was based on an individual's pending retirement in 2013. The idea was to bring someone in later in the year in

3. Chairman's Report (cont'd)

b. Consideration/Approval of FY 2013 Budget (cont'd)

2012 to be trained to assume that position. Director Carter indicated we can accomplish that without creating another position. Mr. Cononelos indicated that, if that could be accomplished within the budget the Board is fine with the Director's opinion that we do not need to request an FTE for the Minerals Group.

Director Carter pointed out that we are required to submit the budget to the Governor's Office of Planning and Budget and then the Legislative Fiscal Analyst's Office. The submission of the budget is now due. The agency needs a decision from the Board.

Director Carter reported that the Governor's Office will schedule interviews with agency heads to go over their budgets sometime in November. Mr. Mower confirmed that the Governor would like to meet with each agency to review budget requests.

Mr. Lofgren asked the Director if he sees any concerns in the budget. The Director indicated we will have to defend the budget increase requests, but we can do that based on the number of additional wells that we have added since we last increased the staff. We can put together a convincing picture. Mr. Lofgren asked if the agency had a fall-back position if the legislature does not approve any budget increases. Director Carter indicated we have a good relationship with our appropriations subcommittee. Director Carter indicated the position will allow the agency to make more money than it costs to add the position. We are confident we will be able to do that.

Mr. Mower indicated that the agency does not draw from the general fund for a base budget increase. The agency has the advantage of being able to go in and say we need the position because they generate more revenue and revenues go to the school children.

Lofgren/Cononelos. Unanimously approved.

"I move that the Board approve the budget as previously presented to include the \$300,000 for Recreation Exchange, \$46,300 to continue the County-Road Program, \$98,400 for an FTE for the Oil and Gas Group, and leaving the capital expenditure line item the same."

Roll Call:

Mr. Mower - - yes	Mr. Cononelos - - yes
Mr. Lofgren - - yes	Mr. Brown - - yes
Mr. Ostler - - yes	

4. Director's Report

a. Director's Update on Issues

I. Strategy to Discuss the Sale, Exchange, or Lease of Real Property

The Board went into closed session at 9:54 a.m.

Mower/Lofgren. Unanimously approved.

"I move we go into closed session for the purpose of discussing purchase, exchange, lease or sale of real property and character and competence of an individual."

Roll Call:

Mr. Mower - - yes	Mr. Cononelos - - yes
Mr. Lofgren - - yes	Mr. Brown - - yes
Mr. Ostler - - yes	

Those in attendance were Board members, Kevin Carter, Lisa Schneider, Dave Hebertson, Kim Christy, Ron Carlson, Tom Faddies, Ed Bonner, Doug Buchi, NormaLee McMichael, John Andrews, Wendy Peterson, LaVonne Garrison, Lynda Belnap, Nannette Johnson, Tim Donaldson, Karen Rupp, and Margaret Bird. The Board continued this closed session through the Director's Performance Review, item #5 on the agenda.

5. Director's Performance Review

The Board continued in closed session to discuss the Director's performance review.

Closed session for performance review included Board members, Director Kevin Carter, and Margaret Bird. Director Carter came out of closed session at 10:59 a.m. followed by Margaret Bird at 11:20 a.m. Director Carter returned to closed session at 11:26 a.m. and returned back to open session at 11:43 a.m. The Board returned to open session at 11:47 a.m.

Mower/Ostler. Unanimously approved.

"I move we return to open session."

Roll Call:

Mr. Mower - - yes	Mr. Cononelos - - yes
Mr. Lofgren - - yes	Mr. Brown - - yes
Mr. Ostler - - yes	

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6. Consent Calendar

- a. Other Business Arrangement - - Non-Competitive Gilsonite Lease of Trust Lands in Rainbow Gilsonite Area Zeigler Chemical

There were no comments on this item, so it is approved.

- b. Request for Other Business Arrangement - - Pride Ventures, LLC

There were no comments on this item, so it is approved.

Upon motion by Mr. Mower, seconded by Mr. Cononelos, the Board adjourned at 11:48 a.m.